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EXAMINER	
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UNITED STATES DEPARTMENT OF COMMERCE
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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Paper No. 17

Application Number: 08/581,992
Filing Date: 01/02/1996
Appellant(s): Pellegrino et al.

Robert W. Fletcher
For Appellant

EXAMINER'S ANSWER

This is in response to appellant's brief on appeal filed 12/23/1999.

Real Party in Interest

The Appellants' statement identifying the real party in interest contained in the brief is correct.

Related Appeals and Interferences

The brief does contain a statement identifying the related appeals and interferences, such a statement namely that "there is no related appeals or interferences" which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief. However, the present application is a continuation in part of co-pending application No. 08/546,120, filed on 10/20/1995, which has been sent to the Board of Appeals on August 16, 1999 for similar rejection under 35 USC § 101 non-statutory subject matter.

Therefore, the Board may exercise its discretion to require an explicit statement as to the existence of any related appeals and interferences.

Status of Claims

The statement of the status of the claims contained in the brief is correct.

Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

Summary of Invention

The summary of invention contained in the brief is correct.

Issues

The appellant's statement of the issues in the brief is correct.

The 35 USC § 103 rejection has been withdrawn based on Appellant's arguments.

Grouping of Claims

The rejection of claims 1-19 stand or fall together because appellant's brief does not include a statement that this grouping of claims does not stand or fall together and reasons in support thereof. See 37 CFR 1.192(c)(7).

Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

Prior Art of Record

No prior art is relied upon by the examiner in the rejection of the claims under appeal.

Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

The 35 USC § 103 rejection has been withdrawn based on Appellant's arguments.

Claims 1-19 remain rejected under 35 USC § 101 non-statutory subject matter. This rejection is set forth in prior office actions, Paper Nos. 2, 5, and 9. The rejection in the final action is as follows:

Claims 1-19, are rejected under 35 U.S.C. § 101 because the claimed invention is directed to a non-statutory subject matter. Specifically the claims are directed towards an abstract idea.

Claims 1-19 represent an abstract idea that does not provide a practical application in the technological arts. There is no manipulation of data nor is there any transformation of data from one state to another being performed in "Method for determining the risk associated with licensing or enforcing intellectual property". Actually, there is no post-computer process activity found. "Method for determining the risk associated with licensing or enforcing intellectual property" is not a physical transformation. Thus, no physical transformation is performed, and no practical application is found. Such an inputting and arithmetic manipulation of data is insufficient practical application to qualify the invention as disclosed and claimed to patent protection. *In re Alappat, 31 USPQ 2d @ 1556-57* (not until the concept is reduced to some type of practical application, the subject matter is not entitled to patent protection). Also the claims do not appear to correspond to a specific machine or manufacture disclosed with in the specification and thus encompass any product of the class

configured in any manner to perform the underlying process. Consequently, the claims are analyzed based upon the underlying process and thus rejected as being directed to a non-statutory process.

Response to Argument

The Examiner summarizes the various points raised by the Appellants and addresses replies individually.

In the arguments, the Appellant:

(a) traverses the 35 U.S. C. § 101 non-statutory rejection based upon *State Street Bank & Trust Co. V. Signature Financial group, Inc.,* 149 F 3d 1371; 47 USPQ 2d 1599 decided by the U.S. Courts of Appeals. "Today we hold the transformation of data representing discrete dollar amounts by a machine through a series of mathematical calculations into a final share price constitutes a practical application of a mathematical algorithm, formula or calculation because it produces a useful, concrete and tangible result, a final share price momentarily fixed for recording and reporting purposes"... Appellant argues that this is clearly the same result as Appellant derives according to the present application in arriving at a probable success factor resulting from transformation of data through a machine by a series of mathematical calculations.

In response to a); the examiner respectfully directs the Board's and Appellant's attention to section 12 (response to arguments) of the final rejection Paper No. 9, where the examiner has relied on *State Street Bank and Trust Co. v. Signature Financial Group, Inc., 38 USPQ 2d 1531, 1535 (D. Mass 1996) (citing Rubber-Tip Pencil Co. v. Howard, 87 U. S. (20 Wall.) 498, 507 (187 4))* to sustain the rejection. The results (scores) in the present application do not correspond to any physical activity external to the system, it is unclear how the present application expresses the physical use of the resulting score, and how is it used in representing a relative degree of strength associated with commercializing intellectual properties. On the other hand, the results presented in the *State Street Bank & Trust Co. V. Signature Financial Group, Inc.* case has a practical application because the claims clearly allocate money to different funds, the claims do not just calculate a final share price. In the State Street case the "concrete, tangible, and useful results" is allocating money to different funds. The present application performs mathematical calculations and provides a result (score) which is not used to perform any physical activity. Therefore, the result as Appellant derives according to the present application in arriving at a probable success factor is clearly not the same results as in the *State Street Bank & Trust Co. V. Signature Financial Group, Inc.*.

b) traverses the 35 U.S. C. § 101 non-statutory rejection based upon *AT&T v. Excel Communications, USPQ 2d 1447 No. 98-1338 (Fed. Cir. April 14, 1999)*. Appellant states that "The real test elucidated by the AT&T court to find patentable subject matter under § 101 is to

determine whether the mathematical algorithm was applied to produce the number which had specific meaning - a useful, concrete tangible results not a mathematical abstraction". The Appellant argues that the present invention clearly "points out in the specification, the usefulness of performing the mathematical calculations on a computer using information and data to augment risk factors which can be categorized and a category score calculated therefrom. The composite score can then be used to evaluate the strength of a specific intellectual property (see the specification lines 15 through 20 at page 7)". The Appellant again argues that in the present application "Applicant calculates a final probable success factor which can be used to make a decision as to whether or not to invest in, purchase or fund the enforcement of a patent by determining its strength".

In response to b); a process to be patentable subject matter under 35 U.S. C. § 101 must consist of "an act, or a series of acts, performed upon the subject matter to be transformed and reduced to a different state or thing. " *Cochrane v. Deener, 94 US. 780, 787-88 (1877)* ". In the *AT&T v. Excel Communications* the useful, concrete, and tangible results is the claimed step of "producing message record for long distance telephone calls, enhanced by addition of Primary Interexchange Carrier (PIC) indicator", the system performs different calculations and the result facilitates differential billing of calls made by the subscriber to long distance service carrier. Here, in the present application all that Appellant has disclosed is inputting preselected risk factors and corresponding scores, adding them,

weighting them, and summarily producing a composite score. No data is developed by the system that correspond to physical objects or activities external to the system. *In re Schrader, 30 USPQ 2d 1455,1459 (1994)*. The Examiner asserts that the invention discloses no practical application of the input subject matter--data representing intellectual property risks is merely being added and multiplied--nothing has been created, deleted, or transformed. Such an inputting and arithmetic manipulation or risk data is insufficient practical application to qualify the invention as disclosed and claimed to patent protection. *In re Alappat, 31 USPQ 2d at 1556-57* (noting that until the concept is reduced to some type of practical application, the subject matter is not entitled to patent protection). Of particular relevance to this case, the Supreme court has held that mathematical algorithms are not patentable subject matter to the extent that they are merely abstract ideas. *See Parker v. Flook, 437 US 584 [198 USPQ 193] (1978)*, the court explained that certain types of mathematical subject matter, standing alone, represent nothing more than abstract ideas until reduced to some type of practical application, i.e., "a useful, concrete, and tangible results".

The Appellant argues with reference to the specification on page 7, lines 15 through 20 of the present application that "the composite score can then be used to evaluate the strength of a specific intellectual property", and "Applicant calculates a final probable success factor which can be used to make a decision as to whether or not to invest in, purchase or fund the enforcement of a patent by determining its strength". However, there is no indication in the specification of how the composite score is used to evaluate the strength of a specific

intellectual property nor how the probable success factor is used in undertaking a lawsuit, the actual step of evaluating the strength of an intellectual property using the score is not performed. A manipulation of risk scores, without the means to effect the actual determination of relative degree of strength associated with commercializing intellectual properties, is not of itself patentable. The Appellant was advised in previous office actions to add a step or two in the claims to indicate how the score is being used to evaluate the strength of an intellectual property but the Appellant failed to do so, the Examiner believes that there is no support in the specification to explain the performance of the above mentioned steps.

It is fundamental patent law that an idea, without means to implement it, is not eligible for patent protection. *Loew's Drive-In Theatres, Inc., 81 USPQ at 153.* Similarly, simple manipulation of the idea, such as adding and multiplying risk scores and weights, is insufficient to qualify as statutory subject matter. *In re Warmerdam, 31 USPQ 2d at 17 59* (noting that mere manipulation of data or ideas is not statutory subject matter). A manipulation of risk scores, without the means to effect the actual determination of relative degree of strength associated with commercializing intellectual properties, is not of itself patentable. *State Street Bank and Trust Co. v. Signature Financial Group, Inc., 38 USPQ 2d 1531, 1535 (D. Mass 1996) (citing Rubber-Tip Pencil Co. v. Howard, 87 U. S. (20 Wall.) 498, 507 (187 4)).*

As per the above arguments, Appellant appears to argue the 35 U.S.C 101 non-statutory subject matter rejection, and the examiner has properly answered all the arguments presented.

For the above reasons, it is respectfully submitted that the rejections should be sustained.

Respectfully Submitted,

HK

March 7, 2000

ERIC W. STAMBER
PRIMARY EXAMINER